

Old Age, Disability, Death

First and current laws: 1952 (provident fund), 1971 (family pension fund), 1972 (gratuity fund), 1976 (insurance fund).

Type of program: Provident fund system with insurance-related family pension system and gratuity fund system.

Exchange rate: U.S.\$1.00 equals 31.23 rupees.

Coverage

Provident fund, family pension fund, and insurance fund—Employees of firms established at least 3 years, with 10 or more employees. Exclusion (all 3 funds): Employees earning over 5,000 rupees a month. Employees covered by equivalent private plans may be contracted out.

Special systems for miners, railway, and public employees.

Gratuity fund—Employees of factories, mines, and firms with 10 or more workers.

Source of Funds

Provident fund—Insured person: 8.33% of earnings, or 10% in factories with 50 or more workers.

Employer: 8.33% of payroll, or 10% for factories with 50 or more workers, plus 0.65% of payroll for cost of administration.

Government: None.

Family pension fund—1.16% of above employer and employee contributions with government contributing 1.16% of payroll plus cost of administering survivor benefits.

Gratuity fund—Insured person: None.

Employer: About 4% of payroll.

Government: None.

Insurance fund—Insured person: None.

Employer: 0.5% of payroll, plus 0.01% toward administration.

Government: 0.25% of payroll, plus 0.005% toward administration.

Qualifying Conditions

Provident fund—Old-age benefit: Age 55 and retirement from covered employment. Also payable at any age if leaving country permanently or out of covered employment for 2 months.

Survivor benefit (death grant): Death of insured before retirement, and last salary of insured less than 1,500 rupees a month.

Family pension fund—Old-age benefit: Age 60 with 40 years coverage for maximum benefit.

Survivor pension: Deceased was member of plan with 3 months of contribution.

Gratuity fund—5 years continuous employment.

Insurance fund (survivor benefit only)—Average balance of 500 rupees in provident fund during 12 months preceding death.

Old-Age Benefits

Old-age benefit: Provident fund—Lump sum equal to total employee and employer contributions, plus interest.

Family pension fund—Lump sum equal to total employee and employer contributions, plus interest; minimum 110 rupees, maximum 42,280 rupees (less for early withdrawal).

Gratuity fund—Lump sum equal to 15 days' wages for each year of continuous service. Maximum, 100,000 rupees.

Insurance fund—Lump sum payment between 500 to 25,000 rupees.

Permanent Disability Benefits

Disability benefit: Not presently provided.

Survivor Benefits

Survivor benefit: Provident fund—Lump sum equal to total employee and employer contributions, plus interest.

Payable to nominated members of family or, if none, to other nominated beneficiaries.

Death grant: Up to 2,000 rupees.

Family pension fund—According to 5 wage classes. Minimum, 250 rupees a month; maximum, 1,050 rupees a month. Payable to member of family.

Death grant: 5,000 rupees. Payable to beneficiary named by insured or, if none, insured's heirs.

Insurance fund—Lump sum equal to the average balance in the provident fund account of the insured over 12 months preceding death. Maximum: 35,000 rupees.

Administrative Organization

Ministry of Labor, general supervision.

Employees' Provident Fund, organization and administration of program through regional, sub-regional, inspectorate and sub-accounts offices.

Regional committees and commissioners assist in local administration.

Central/state authorities, administration of gratuity fund.

Sickness and Maternity

First and current law: 1948.

Type of program: Social insurance system. Cash and medical benefits.

(1961 law provides maternity benefits to employees of factories/establishments not covered by the social insurance law of 1948.)

Coverage

Employees of power using manufacturing establishments with 10 or more workers, and non-power establishments with 20 or more workers. Exclusions: Employees in seasonal, agriculture, and certain other sectors as well as other employees earning over 3,000 rupees a month. Insured workers and spouses covered for medical benefits if permanently disabled on payment of contribution of 10 rupees a month. Insured workers who retire are covered on payment of contribution of 10 rupees a month. Coverage being extended gradually to different districts; now operative in about 609 industrial centers.

Source of Funds

Insured person: 1.5% of earnings (none for employees whose average daily wage is below 15 rupees).

Employer: 4% of payroll of covered employees.

Government: State governments pay 12.5% of cost of medical benefits.

Qualifying Conditions

Cash sickness benefits: Must be paid for half the number of days during a designated 6 month period.

Cash maternity benefits: Must be paid for 80 days during two designated 6 month periods.

Medical benefits: Currently in insured employment or qualified for cash benefit. Medical benefits for dependents same as for insured.

Sickness and Maternity Benefits

Sickness benefit: From 2.50 to 53 rupees a day, depending on wage class (25% more for certain specified diseases). Payable after 2-day waiting period for up to 91 days in any period of 2 consecutive months (may be extended in certain cases for up to 124 additional days and 309 days in chronic cases). Family planning: 7 or 14 days of cash sickness benefit at double rate, plus additional days for complications, depending on sterilization operation.

Maternity benefit: 100% of average earnings, according to wage class; payable for up to 12 weeks (including not more than 6 weeks before confinement), 6 weeks in case of miscarriage. (1961 law requires noncovered employer to pay same benefit to woman employed 80 days in last year.) Benefit extended 4 weeks for medical reasons, if necessary.

Workers' Medical Benefits

Medical benefits: State governments arrange for provision of medical care, on behalf of social insurance, except in Delhi, and Noida area of Uttar Pradesh, where social insurance administers directly. Services variously provided in different States through social insurance dispensaries and hospitals, State government services, or private doctors under capitation contract. Includes medical treatment, surgery, specialist services, hospitalization, medicines, obstetric care, transportation, and appliances (glasses and dentures for insured persons only). Scale of services varies among States, according to agreement with State and facilities available. Duration: 3 months to 1 year, according to contribution record (extended up to 3 additional years for certain long-term diseases).

Dependents' Medical Benefits

Medical benefits for dependents: Currently provided in most States and districts. Benefits include general practitioner care, medicines, specialist examinations, and hospitalization in most States.

Funeral grant: Lump sum equal to actual cost. Maximum, 1,000 rupees. Payable to eldest member of family or person incurring funeral cost.

Administrative Organization

Ministry of Labor, general supervision.

Employees' State Insurance Corporation, administration of program through regional and local offices; managed by tripartite board and director-general.

State governments, provision of medical benefits through agreement with and reimbursement by Corporation. Administered by Corporation in some cases.

Work Injury

First law: 1923 (workmen's compensation).

Current law: 1948 (social insurance).

Type of program: Social insurance system.

Coverage

Employees of power using manufacturing establishments with 10 or more workers, and non-power establishments with 20 or more workers. Exclusions: Employees in seasonal, agriculture, and certain other sectors as well as other employees earning over 3,000 rupees a month.

Source of Funds

Insured person: See Sickness and Maternity, above.

Employer: Same.

Government: Same.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: About 70% of earnings, according to 11 wage classes. Not paid for 1st 3 days of disability, unless latter lasts 3 days or longer; payable for duration of disability.

Permanent Disability Benefits

Permanent disability pension: 3.50 rupees to maximum 74.20 rupees a day, according to 11 wage classes, if totally disabled.

Partial disability: Percent of full pension proportionate to loss of earning capacity (small pensions may be commuted to lump sum).

Workers' Medical Benefits

Medical benefits: Same as for ordinary sickness; also, artificial limbs and other appliances.

Survivor Benefits

Survivor pension: 60% of insured's total disability pension payable to widow.

Orphans: 40% of pension of insured for orphans under age 18 (no limit if disabled), or until daughter marries. Maximum widow's and orphans' pensions: 140% of pension of insured.

Other eligible survivors (in absence of above): Parents, grandparents, and other dependents under age 18; maximum total pensions for such survivors, 50% of pension of insured.

Funeral grant: Lump sum equal to cost, maximum 1,000 rupees.

Payable to oldest member of family or person incurring funeral cost.

Administrative Organization

Ministry of Labor, general supervision.

Employees' State Insurance Corporation, administration of program through regional and local offices; managed by tripartite board and director-general.

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Unemployment

Labor law requires employer to pay severance indemnity of 15 days' average pay for each year of employment. Eleven States have instituted temporary unemployment programs, funded by the government.

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